(907) 451-2703

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF MINING, LAND AND WATER

ANCHORAGE 550 W 7th Ave Ste 900B Anchorage, AK 99501-3577 Telephone: (907) 269-8647 Fax: (907) 269-8949 FAIRBANKS 3700 Airport Way Fairbanks, AK 99709-4699 Telephone: (907) 451-2774

November 30, 2010

Dear Miner:

Attached you will find the **2011** Hardrock, Placer Mining or Suction Dredge Application. As always we encourage you to submit your application early. This cover letter contains important information pertaining to the application. Please review this information carefully.

In an effort to reduce paperwork and processing time there are three separate applications. This is the same method used for 20010 applications.

- 1. Hardrock Exploration
- 2. Placer Mining
- 3. Suction Dredging

Federal Operators:

If your operation involves federal land managed by the Bureau of Land Management (BLM), and you want to use this application as a Notice or Plan of Operations, please obtain BLM approval of any bonding requirements prior to the submission of the application to the State Division of Mining, Land & Water. Bonding forms are available at BLM and DNR.

Alaska Department of Environmental Conservation (ADEC) Permitting:

Your application can act as a Notice of Intent (NOI) /Application for the Alaska Pollutant Discharge Elimination System (APDES) General Permit.

Applicants must fill in and sign item #27 of the Placer Mining Application to apply for the ADEC General Permit. If your application is for suction dredging, fill and sign item # 22 of the Suction Dredge Application to apply for the ADEC General permit.

Multi-Year Renewal Requirements:

For those miners who have been issued a multi-year permit, the following forms still need to be submitted annually:

- 1. Reclamation page with signature.
- 2. Bond renewal form
- 3. Reclamation statement.
- 4. Coastal Zone Management Certification Statement and Consistency Evaluation forms if you operate within Alaska Coastal Zone Management boundaries.

Permits for other agencies, such as ADEC and the U.S. Army Corps of Engineers (USACE), may have expiration dates separate from the multi-year permit expiration date. Miners should be aware of expiration dates on all permits, and submit separate applications as appropriate.

Suction Dredging:

As of October 31, 2010, the Alaska Department of Environmental Conservation (ADEC) has assumed permitting authority from EPA; therefore, any EPA related questions must now be directed toward ADEC. The Alaska Department of Environmental Conservation (ADEC) requires all suction dredge operators, regardless of size, to obtain an Alaska Pollutant Discharge Elimination System (APDES) Permit. Suction dredgers with an intake nozzle size greater than 6 inches and less than 10 inches may use the Suction Dredging APMA to act as an NOI/Application for the APDES Medium Suction Dredge General Permit. Suction dredgers with an intake nozzle less than or equal to 6 inches, and with dredge engines of 18 horsepower or less; or, with an intake nozzle greater than 10 inches must submit a separate application to ADEC well in advance of their intended "start-up" date. Please contact Nick Dallman by phone at (907) 451-2142 or email at nicholas.dallman@alaska.gov.

Suction dredges may require authorization from the U.S. Army Corps of Engineers (USACE). Also, a USACE permit may be required for any mining activity utilizing mechanized equipment on "waterways" or "wetlands", or access across waterways or wetlands. The APMA may act as an application for the USACE General Permits for Suction Dredging and Placer Mining in Alaska. Please contact Leslie Tose at 1-800-478-2712 (within Alaska) or (907) 753-5515.

Processing Fees:

The annual application fee is \$150.00. A Multi-Year is \$150 for the first year and \$50 for each year thereafter, for up to 5 years, payable in advance. A 5 year application is \$350.00. There is also a \$50.00 fee for any amendment to the application. Other agencies such as ADEC may require additional fees for permits or authorizations.

DECEMBER 31, 2010 DEADLINE:

2010 applicants whose proposed operations involved a total disturbance of less than five acres, are required to submit an Annual Reclamation Statement, whether or not activity took place in 2010. (AS 27.19.050(c). For activity involving cross-country access of equipment or operations within Alaska Coastal Zone Management (ACZM) boundaries, you are advised to submit the application by December 31, 2010.

Department of Revenue, Mining License Requirements:

The Department of Revenue (DOR) issues mining licenses on an annual basis for the period of May 1 through April 30. A current license holder can renew their mining license by checking the renewal box on the 2010 Mining License Tax Return. A Mining License Application (MLA) is not required if one was filed with DOR in 2009.

Lessees and operators of a new mining operation that are in the development or production phase are required to file a Mining License Application (MLA) with DOR. Owners are required to file a MLA once the property enters the production phase. Please contact Isabell Blackwell at 907-269-6696 or Emily Whiteside at 907-269-3979. Forms can be found online at www.tax.alaska.gov.

Notice of Mining Activity:

The Mine Safety and Health Administration (MSHA) requires that all mining operations file a notice of legal identity. Section 3(h)(1) of the Act defines the term "mine" and includes related milling operations within that definition. Mine development, rehabilitation activities, and exploration work at an established mine are within the Act's scope. All types of mining, including placer, dredge, and hydraulic operations must be inspected. Government owned or operated mines and mills, whether federal, state, county, or other, are included within the jurisdiction of the Act. All such operations located anywhere in the United States, as well as in any of its territories, protectorates, or commonwealths, must be inspected.

Applications for Legal Identity can be obtained at the local field office or can be filed online at www.msha.gov. Please contact the Anchorage, AK field office at (907) 271-1250 for more information and assistance.

If assistance is required, please contact one of our offices – Anchorage (907) 269-8647 or Fairbanks (907) 451-2774. We post the applications and related forms to our web page at: http://www.dnr.alaska.gov/mlw/forms.

Sincerely,

Kerwin Krause Geologist, Minerals Property Manager